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Thai farmer harvesting cigarette leaf tobacco.

Farm Policies Vital To Farmer, Consumer, And Foreign Customer

By Dale E. Hathaway

"What we need are actions that essentially will provide a cushion of adequate supplies, insuring our own food security while protecting consumers abroad who depend on U.S. agriculture for supplies. This must be done within a framework that assures fair returns for the U.S. producer. These goals are not inconsistent," the Assistant Secretary of Agriculture for International Affairs and Commodity Programs told the National Association of Farm Broadcasters in mid-July.

Before 1972, the importance of agriculture exports to the U.S. farmer was often disregarded. Today, it is axiomatic that farm product exports are essential to farm prosperity and to the national economy. We have learned this lesson well, and at times the learning was painful. But we have survived those ups and downs, and are today doing quite well in the export trade. In fact, better than ever.

Unfortunately, success sometimes breeds overexpectation and overreaction. It could be argued that international trade and food aid have become too conspicuous as a part of the agricultural scene. Low prices in one commodity or another are attributed to increased imports or a decline in exports. The Federal Government is somehow involved in international trade. Hence, the Federal Government is responsible for the problem. Sometimes, unfortunately, this has been true.

But international trade is far more complex than that. As Secretary Bergland has said so often, a good rain at the right time—or bad weather in any major producing area of the world—may have more effect on world supplies and prices than all the government policies in the world laid end to end.

We are currently concerned over low wheat prices—and current wheat prices are undeniably linked to world markets. We should, however, keep reminding ourselves that, on the whole, we are doing extremely well in world trade. There are only one or two exceptions; these are important, of course, and must be dealt with. But the fact is that, on the whole, we are looking at another record export year.

For the current fiscal year, ending September 30, strong performance to date indicates that U.S. farm exports may reach $24 billion—setting yet another record level of exports. This comes at a time when the forecast is for an abundant U.S. harvest, and consequently prices for some U.S. commodities have declined. Growth commodities in U.S. trade this year include cotton, oilseeds and oilseed products, livestock products, fruits, nuts, and vegetables. Substantial increases are expected in fiscal 1977 in U.S. exports to the Middle East; East and Southeast Asia, including Japan; Western Europe; and Canada.

There are difficulties for some producers, even with exports expected to be at record levels. This is a matter of concern to President Carter and all of us. We are using the resources of the Department and the legislative tools available to explore ways that international trade can be more effective, more competitive, more of a stabilizing force in the world.

Unfortunately, it is not within the power of any government to control the output of a nation's agriculture within very narrow limits. The idea of a few years ago that a so-called "fine tuning" could be applied to agriculture through adjustments in farm programs will simply not work, and as we are now seeing, neither does the idea of uncontrolled "market" forces always pro-

"Annually, we are doing very well in the export business, and we must continue and build on this success."

duce adequate prices and incomes.

The crops that are being harvested and will be harvested in 1977 were planted at a time when there was serious concern about adequate world food supplies. We have experienced several years of tight commodity stocks, prices reflected those conditions, and farmers responded to prices and situations at that time. Unfortunately, there were no mechanisms in place to protect producers in the event that the expectations of a year ago were not realized.

At the same time, farmers in other countries were responding to some of the same factors as well as other conditions affecting specific countries and their perceptions of their own problems. So it is quite plain that countries outside of the United States have much to do with the level of U.S. exports. Those foreign considerations—the conditions of national economies, currency fluctuations, trade balance, and the like—are not a function of the U.S. Government.

What we need are actions that essentially will provide a cushion of adequate supplies, insuring our own food security while protecting consumers abroad who depend on U.S. agriculture for supplies. This must be done within a framework that assures fair returns for the U.S. producer. These goals are not inconsistent.

Our foreign customers need supply protection because in the absence of such protection there is no guarantee that they can depend on the United States for supplies. Any time our customers are victims of an embargo or of a price so extreme that they are driven out of our market, their reaction is to question the United States as a supplier.

The obvious response is for them to seek more supplies by increasing their own production—sometimes at very high cost—or encouraging production in other supplying countries.

If you want to see soybean competition expanded as it has in Brazil, just combine $12 soybeans and an export embargo. If you want to see erosion of the U.S. farmer's wheat market abroad, then simply fail to have wheat available or offer it only at such a high cost that a large portion of our overseas market cannot pay the price.

The consumer—domestic and foreign—is not the only factor to be considered, of course. U.S. producers must have a measure of protection that assures a good return for their year's work and decent incomes for their families. They must have some protection on both the down-side and the up-side.

Help for Farmers

Specifically, we are providing this through a farmer reserve program and a proposed multilateral negotiation on wheat. The farmer reserve program is aimed both at reducing the pressure to market excess supplies at low prices and at protecting the farmer's customers and thereby perpetuating markets that we must have. The negotiations which are beginning in London are directed at assuring that the United States does not carry the whole burden of reserve management and production adjustment.

In order to protect farmer income without sacrificing markets we are supporting a target price concept to assure stable incomes in a time of increasing supplies, as we now have in wheat. At the same time, we are negotiating with other governments to assure, among other things, that in both times of excess supply and crop shortfall, other nations will share in the cost and the obligation to stabilize world trade and insure the world's importing nations enough to meet their needs.

What all this comes down to is this:

There are problems in agriculture at the present time. These are real and serious as are any problems that affect a farmer's ability to make his mortgage payments, pay off his creditors, and support his family at a fair and reasonable level.

The present problems, however, are centered generally in two commodities—major commodities to be sure—wheat and beef. The beef problem is related to herd reduction and thus peculiar to the livestock business.

The wheat market, however, has fallen in response to a world shift in supply-demand conditions. Our wheat prices are highly sensitive to the export trade since we depend on foreign customers to take well over half of our wheat crop each year.

The decline in wheat exports this year is due to factors other than Government actions. Moreover, it runs counter to the rising export trend in other commodities and to the likely long-run rise in grain exports.

In terms of value, we now are exporting increased tobacco, fruits and vegetables, sugar, livestock and products, dairy products, and poultry products in this fiscal year. The only major exception is grains, which will be down in value about 18 percent. Most of that decline is in wheat.

Solving Wheat Problem

So the problem with wheat is a real one—one that we recognize and are taking major steps to meet and solve. I have described three of these measures: (a) the target price payment program, (b) the farmer reserve program, and (c) international negotiations to stabilize grain supplies and prices on both the down and up sides.

As we move on these various fronts, we shold avoid being led into bad policies which will compound the problem, such as excessively high support prices and export subsidies. Annually, we are doing very well in the export business, and we must continue and build on this success. We recognize the current exceptions to this success. We recognize the importance of those exceptions. We are acting to correct the instabilities that have contributed so much to the current problems of grain producers. □

Zaire's Coffee Exports Boom

Zaire's coffee exports jumped dramatically in 1976, but with stocks down, shipments may subside somewhat this year.

Zaire exported a record 95,000 tons of coffee in 1976, 58 percent more than in 1975. Foreign exchange earnings from coffee exceeded $100 million, and may even have doubled 1975's $66 million. Zaire's coffee stocks have been drawn down, and exports are expected to taper off during 1977, but unless world prices decline further, Zaire may earn as much or even more from coffee in 1977 than it did in 1976.

Some Zairian officials believe coffee exports could reach 90,000 tons this year. Some of this coffee may be coming from neighboring Angola, Burundi, Rwanda, or Uganda in order to profit from the free market situation in Zaire.

If prices should drop below those paid in some of the surrounding countries, the coffee flow could reverse, depressing Zaire's official coffee exports.

Production of coffee was a record 86,000 tons in 1976. This was only 6,000 tons above the 1972 level, but it more than made up for the 1973-74 production decline.

Principal cause of that decline was the Zairianization program, which took plantations away from their expatriate owners and turned them over to Zairians, who often did not have the experience or resources for efficient management. As a result, cultivation and harvesting practices were below previous standards for a time, but in 1975, and again in 1976, production recovered sufficiently to exceed slightly the pre-Zairianization level.

The sudden urge in exports from 60,000 tons in 1975 to 95,000 in 1976 did not result from any great production increase. Exports boomed because traders scoured the countryside for coffee in order to cash in on the high prices. They were able to do this because the marketing monopoly of the National Coffee Office was abolished in March 1976, and for the first time in 4 years, private individuals and companies were allowed to export coffee.

But the Coffee Office did not have the resources nor the expertise to function efficiently.

Exports declined from 74,000 tons in 1972 to 60,000 tons in 1975. Much coffee was left on the plantations to deteriorate. Also, the low prices offered by the Coffee Office were not enough incentive for the producers, and as early as 1974 substantial quantities of coffee were being held by the plantations in anticipation and hope for a return to direct marketing rights. When these were granted in March 1976, private buyers offered producers as much as 50 percent more than the official price; this drew stocks into the market.

In 1976, efforts were concentrated in locating and exporting every available kilogram of coffee, but with stocks gone the emphasis in 1977 is on more production from better weeding and more intensive care of the trees, and the rehabilitation of neglected and abandoned plantations. The Coffee Office has assumed the role of providing technical aid to planters, but chances are not good for a substantial increase in production soon. Fertilizers and pesticides are expensive and in short supply, and there have not been many new plantings. □

Based on a report from the Office of U.S. Agricultural Attaché, Kinshasa.

Pakistan To Improve Its Livestock Sector

By M. Arif Mahmood

After years of playing second fiddle to crop development, Pakistan's livestock sector is beginning to be earmarked for improvement and expansion. The present Government is pursuing livestock development policies, and several Mideast countries have shown interest in establishing joint ventures for livestock production in Pakistan.

During the past 25 years, Pakistan's livestock sector remained relatively ignored as the Government continued to stress attainment of self-sufficiency in food output, and principal budgetary allocation was given to crop production.

As a result, there was little or insignificant planned development for livestock. Livestock's share in the Gross National Product remained relatively static at about 10 percent. Its contribution to the agricultural sector, however, dropped from 34 percent in 1965/66 to 28.5 percent in 1975/76, as the crop subsector grew more rapidly over these years, thus reducing livestock's share in growth of overall agriculture.

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In 1974, however, a new livestock division was created at the Federal level, and separate livestock departments were initiated in the two Provinces of Punjab and Baluchistan. This set the stage for independent initiative and participation in several international livestock production programs.

Pakistan became a member of the International Scheme for Coordinated Dairy Development in 1974, under which it receives technical assistance and equipment from various donor countries. This includes $13 million for 17 projects in livestock production, dairy plant equipment, artificial insemination, and vaccine production.

This also includes a national coordinated dairy program under the United Nations Development Program (UNDP), the Food and Agriculture Organization program, (FAO), and World Food Program assistance to milk plants in the public sector.

In 1974, a survey identified four major areas—beef, mutton, dairy, and vaccine production—to be lent financial assistance by the World Bank. Pakistan has also become a contributory member of the Middle and Near

East Animal Health and Production Development Center and of the Animal Health and Production Commission of the Far East, under which it will receive additional assistance.

Pakistan's participation in the International Meat Development Scheme (IMDS) was another step taken to become eligible for assistance for creation of disease-free zones and preconditioning for exports of meat. In addition, FAO and the UNDP are aiding Pakistan in at least six livestock projects and one fishery project geared toward boosting production.

As a result of the increased interest in livestock development shown by the Government of Pakistan, several Mideast countries and financing agencies are interested in establishing bilateral joint ventures for production of livestock. Six such projects would be spread out in different provinces, and collectively would involve an outlay of over $100 million, providing for the first large-scale agro/livestock development in Pakistan.

Domestically, Pakistan has begun to implement some of the recommendations made by the Agricultural Inquiry Committee on Livestock, including:

- Crossbreeding of indigenous cows through artificial insemination using frozen semen of exotic dairy breeds on an extensive scale;
- Opening 44 artificial insemination centers in Punjab;
- Continued pure or selective breeding of local dairy breeds;
- Importing 65,000 doses of frozen semen of improved dairy breeds;
- Breed improvement through natural methods where artificial insemination facilities were not available;
- Conducting mass dosing and vaccination programs (during 1975/76, 10 million

Left: Pakistani farmer feeding one of his cattle. After 25 years of insignificant planned development for the livestock industry, Pakistan is now pursuing several intensive livestock development policies. Below: Unloading milk cans in Lahore.

treatments and 17 million vaccinations against contagious diseases were administered);

• Boosting livestock and poultry vaccine production; and

• Improving fodder supplies through adoption of high-yielding varieties of fodder, such as Napier-Bajra hybrid.

All these measures are significant improvements in livestock management and production, compared with the previous situation in Pakistan when the importance of such actions was relatively ignored.

Over 90 percent of the livestock are raised on farmland, thus competing with man for their food from land sources. The number of livestock also exceeds the available supply of feed and forage.

Indigenous breeds of cattle, buffaloes, goats, and sheep predominate throughout the country. Although they have undergone centuries of environmental adaptation and are considered to be well suited to Pakistan, their genetic potential has deteriorated owing to persistent line breeding over the years. Poor management and feeding practices also resulted in lower yields per head. To overcome this problem, crossbreeding with exotic strains is necessary.

The system and structure of livestock production in Pakistan encompass a varied resource situation. Crop farmers maintain livestock for use as work animals, and for milk and meat. Most farmers keep milk cows or buffaloes, but may also have sheep or goats to supplement milk and meat needs or their farm incomes.

Animals derive about one-third of their nutrients from fodder crops, another one-third from agricultural or industrial byproducts such as wheat bhusa, wheat bran, stalks, stovers, rice polishing, cottonseed cake, and molasses. The balance of the nutrients is supplied by grazing along flood plains, roadsides, river and canal banks, and rangeland.

In addition, Pakistan has producers with migratory livestock herds, some belonging to farmers with cropland, but many belonging to producers with none. These latter herds are primarily of sheep and goats.

The few modern livestock enterprises that do exist in Pakistan are attached to research institutes and universities.

Also, in urban areas, buffalo and cow herds are maintained by *gujars* or *gowalas* (dairymen or milk producers) to provide milk to urban consumers. These herds feed on cut green fodder, dry crop residue, roadside vegetation, and grasslands.

Almost 95 percent of Pakistan's 25 million buffaloes and cows—which account for 63 percent of total animal numbers—are located in irrigated areas of the Indus Basin. Sheep and goats—together totaling 40 million head—are equally distributed throughout irrigated and range areas.

Punjab Province has the largest livestock population, supporting two-thirds of the country's cattle and buffaloes. Punjab also has the highest concentration of livestock per unit of land area. The least intensive livestock concentration, reflective of climatic conditions, topography, and vegetative growth, is in Baluchistan.

Cattle, buffaloes, sheep, and goats all contribute to Pakistan's milk output of 9.8 million metric tons (1976 figures), of which buffaloes account for 74 percent.

Of the country's total milk production, roughly one-third is converted into butter ghee, and another third is used for butter, curd, and sweets. Only one-third—about 3 million tons—is available for direct consumption as fluid milk, against an estimated requirement of roughly 6.8 million tons.

Pakistan's meat production from current (1976) inventory (based on offtake rates) is estimated at 666,100 tons—far below the country's estimated meat requirement of 1.8 million tons. Of this total, 325,000 tons are of beef, 221,700 tons are of mutton, and 24,800 are of poultry meat. Egg output in 1976 was placed at 43,000 tons.

Given new livestock sector incentives, Pakistan hopes to boost its milk, meat, and egg output by 1982/83 to 11.5 million tons, 866,000 tons, and 60,000 tons, respectively.

Animal wool and hair are also important to Pakistan's economy since they supply basic raw materials for the country's domestic carpet and woolen industry—a sizable foreign exchange earner. There is need for tremendous improvement in quality wool production, however, through steady replacement of sheep herds and assured incentives to the producer through an improved marketing system and price structure.

Animal hides and skins also contribute greatly to Pakistan's domestic leather goods industry and also make a sizable contribution to export trade. □

Pakistan: Livestock Population, 1972 and 1976

Type of animal	1972 Mil. head	1976 Mil. head	Percentage change
Buffaloes	9.75	10.42	+ 6.87
Cattle	14.68	14.63	(1)
Sheep	13.13	18.49	+ 40.82
Goats	15.34	21.51	+ 40.02
Poultry	23.67	32.42	+ 36.96
Others[2]	3.00	3.04	+ 1.33

[1]Minimal. [2]Horses, camels, and donkeys.

STR Solicits Public Views on Trade Talks

The Office of the Special Representative for Trade Negotiations has issued a notice in the Federal Register (July 28, 1977, page 38, 445) soliciting public views and comments on tariff, nontariff and other matters that are, or may be, under consideration in the "Tokyo Round" of Multilateral Trade Negotiations (MTN). These views and comments should supplement those received during public hearings on these subjects held by the Trade Policy Staff Committee from June to August 1975, and on September 16-17, 1975. Material submitted previously should not be resubmitted. In order to be most helpful, these written views and comments should be submitted by September 1, 1977.

All submissions and other communications regarding this solicitation should be addressed to: Secretary, Trade Policy Staff Committee, Office of the Special Representative for Trade Negotiations, 1800 G Street, N.W., Washington, D.C. 20506. Tel: (202) 395-3395.

See the Federal Register for full details. □

Venezuela Ups Imports Of Oilseeds and Oils

Venezuela's rapidly expanding population and increasing consumer demand are expected to strengthen both production and imports of oilseeds and vegetable oils during 1977.

Soybean oil has not been approved in Venezuela for use as cooking or salad oil, but may be used in the manufacture of margarine and vegetable shortening. However, if the Ministry of Health should issue a permit for the use of soybean oil in cooking and salad oils, it is possible that a substantial market for soybean oil would develop.

The Venezuelan market for vegetable oils currently is stronger than the market for protein concentrates. As the country's livestock and poultry industries develop, it is anticipated that consumption of oilseed meals will increase.

Demand for U.S. soybeans and soybean products in Venezuela has fluctuated in recent years. Imports of U.S. soybeans, for example, were valued at $4.6 million in 1968, jumped to $14.9 million in 1974, then dropped to $5.4 million in 1976. Similarly, soybean meal imports were valued at $7,000 in 1968, $20 million in 1974, and $13.2 million in 1976.

Some of this fluctuation is a result of changes in production of domestic oilseed crops, and some is a result of market competition. Further competition is anticipated, especially in the light of indications that Venezuela may export petroleum to Brazil in exchange for soybeans.

Venezuela's oilseed imports are dominated by soybeans and peanuts. Until 1974, when imports of copra and sesame became significant, these commodities accounted for practically all of the country's oilseed imports. In 1974 and 1975, soybeans and peanuts still accounted for more than half the market.

Demand for U.S. peanuts and peanut products in Venezuela also fluctuates from year to year. Major U.S. competitors in this trade have been Senegal, Argentina, and Brazil.

In addition to anticipated higher demand for soybeans and peanuts in Venezuela, expansion of demand for corn oil also is likely as more consumers become aware of the performance qualities of corn oil in cooking.

The Venezuelan corn oil market, which has been growing at about 12 percent annually, is estimated at 16 million liters a year, about a third higher than the current level. About 70 percent of the corn oil supply is used in salad oil production and the remainder is consumed as cooking oil.

Substantial increases in imports of cottonseed oil, soybean oil, and peanut oil were made in 1976 over year-earlier levels. At the same time, imports of coconut oil decreased markedly. Preliminary data indicate that total imports of edible vegetable oils during 1976 were slightly higher than the 94,177 tons imported during 1975.

Venezuela's production of vegetable oils during 1976 dropped 19,000 tons from the 1975 level, largely as a result of a decline in copra imports. While the 1977 copra supply is expected to remain at the 1976 level, sesame seed output is forecast to rise substantially this year, pushing total production of vegetable oils for 1977 to 96,000 tons, 37 percent more than in 1976.

A two-thirds increase is anticipated in output of sesame oil, and small increases are expected in supplies of corn oil, cottonseed oil, and peanut oil. Coconut oil, palm oil, and palm kernel oil outturns are expected to remain at their prevailing levels.

The only vegetable oils currently approved in Venezuela for use in manufacturing cooking oils and salad oils are sesame, peanut, olive, corn, and — recently — cottonseed. Although soybean oil has not been approved for use as a liquid oil, it may be used in solid products and currently is used in the manufacture of margarine and vegetable shortening.

The National Association of Fats and Oils Producers has estimated the 1977 vegetable oil market at 160,000 tons. Vegetable oil needs for producing salad oil—primarily peanut, sesame, and corn oil—are projected at 95,000 tons. Requirements for producing vegetable shortening, margarine, mayonnaise, and other solid oil products are anticipated at 65,000 tons. Cottonseed oil, coconut oil, and palm kernel oil are used to meet this need.

Venezuela's total production of major oilseeds in 1976 was 11 percent below the 1975 and 1974 levels. In 1977, the sesame seed outturn is expected to increase substantially and that of cottonseed slightly, while peanuts and copra are forecast to remain at about their 1976 levels.

Total output of the four major oilseed crops in 1977 is forecast at 183,000 tons, 30 percent more than the 1976 crop but only 15 percent higher than 1974 and 1975 outturns.

Protein meal production in 1976 is estimated at 136,000 tons, almost 11 percent below the year-earlier level. Copra meal and cottonseed meal showed the greatest decreases, while smaller reductions were recorded for output of most other meals.

While some corn is ground whole for food and feed, the major share is processed into flour. About 85 percent of the corn flour produced in Venezuela is used in making arepas (tortillas). Per capita consumption of corn flour is 28 kilograms per year.

Oilseed meal output during 1977 is expected to recover and reach a record 170,000 tons. Increases in production of all major meals are anticipated during 1977, with sesame meal expected to show the largest increase.

Soybean meal imports during 1976 totaled about 55,000 tons, about 90 percent of which were from the United States and the remainder from Argentina. Total oilseed meal and cake imports have fluctuated considerably on a year-to-year basis.

Stocks of edible oils and protein concentrates at the end of 1976 were at a low level, primarily because of decreased output last year of the oilseeds used to produce the oil and meal. Imports of these items are estimated to have risen slightly during the year.

Oilseed meals for animal feed are used primarily in the poultry industry. More than half of all mixed feeds produced in Venezuela are fed to poultry. More than one-third of the total is used by the swine industry, and about 10 percent is used in feeding other animals. □

Based on dispatch from James E. Ross, U.S. Agricultural Attaché, Caracas.

U.S.-Thailand Farm Trade on Uptrend

By Cline J. Warren

Although Thailand's agricultural production is steadily increasing, the country is a good market for a number of U.S. farm products, with potential for increased sales in the future. An important key to increased U.S. sales, however, is an understanding of the Thai economy and its position as a market and as a competitor in world markets.

Despite some barriers, substantial trade exists between the United States and Thailand. The United States is the second largest source of Thailand's imports and the third largest buyer of Thai exports. Most U.S. exports to Thailand, however, are nonagricultural.

Thailand traditionally has had a trade deficit, but this gap narrowed considerably in 1976 over that of the previous year. Earnings from tourism and other foreign services have tended to offset much of the visible trade deficit. While there has been some drawdown in reserves lately, the country ended 1976 with foreign exchange reserves of $1.2 billion. Efforts to prevent capital from leaving the country are reportedly meeting with some success. There are, however, no restrictions on payments of dividends and interest to foreign investors. In fact, special measures have been taken recently to encourage foreign investment.

The Thai Government depends on high import duties to discourage consumer imports; little use is made of licensing or exchange controls. Duties imposed on some food items exceed 50 percent, with virtually all imports also subject to a business tax ranging from 1.5 to 7 percent. Import duties are applied on a c.i.f. basis.

Several factors have contributed to keeping agricultural trade between the United States and Thailand at low levels. Although modern, regular shipping services are available, there is a tremendous distance between internal markets in the United States and Thailand.

In addition, Thailand produces and sells some major farm commodities that are competitive with those grown and exported by the United States. However, seasonal and quality differences tend to reduce the competitive aspect. Commodities of this nature include tobacco and fruit.

Flue-cured Virginia-type tobacco is one of the leading U.S. farm exports to Thailand. This high-quality import is blended with local Thai tobacco to upgrade domestic cigarettes. On the other hand, U.S. cigarette manufacturers import sizable quantities of Turkish leaf tobacco from Thailand.

Similarly, the United States imports large quantities of Thai sugar, but at the same time the United States is a leading supplier of sirups for the Thai soft-drink industry.

Even with Thailand's abundant supplies of fruit, Thai consumers buy U.S. apples. U.S. apple sales in the Thai market—particularly of the Red Delicious variety—were valued at $521,000 in 1976.

Among the byproducts of U.S.-Thai trade are the transfer of technology and the development of agricultural resources, such as the recent purchase of high quality U.S. cattle semen by the Thai Department of Livestock Development to upgrade local herds, a growing vegetable seed trade, and the importation of 341,000 U.S. baby chicks in 1976 to provide basic parent stock for Thailand's growing broiler and layer industries.

Thailand and the United States are the world's two principal rice exporters. Instead of competing directly, however, the two countries have developed a close consultative arrangement and Thai authorities are informed prior to U.S. Public Law 480 rice sales.

Thai rice sales recently have been maintained at a high level. In calendar 1976, sales amounted to 1.9 million metric tons and are projected at 1.8 million tons for this year. Total Thai rice output for 1977 is estimated at 9.9 million tons. Rice exports in excess of 1.8 million tons this year will further reduce the country's low stock position, projected at 445,800 tons.

The local press has already begun to carry stories that rice shortages could be in the making for the domestic market, and action is now being taken to slow rice exports. On May 16, the Minister of Commerce reintroduced the $10-per-ton premium on broken rice exports to Africa. (The premium had been abolished since March, 1976.)

With the same end in view, the Foreign Trade Department had made it obligatory for exporters of 200 tons and over to obtain prior approval before shipment takes place. As evidence of each transaction, exporters are required to produce a letter of credit from overseas buyers for the value of the purchase.

During the last 5 years, the value of U.S. agricultural exports to Thailand has all

United States: Farm Imports From Thailand, 1972-76

[In million dollars]

Commodity	1972	1973	1974	1975	1976
Tapioca products	5.0	4.5	7.7	5.2	6.8
Sugar	2.6	2.7	6.1	45.0	20.6
Fruits and nuts	1.3	1.6	3.9	10.4	13.7
Rubber	2.8	12.6	15.7	9.9	33.0
Tobacco	.1	.2	1.1	.2	1.1
Jute[1]	.8	1.6	1.4	1.5	1.6
Other fibers	4.0	4.9	4.5	3.5	4.7
Others	7.9	1.7	3.3	2.3	3.1
Total	24.5	29.8	43.7	78.0	84.6

Source: U.S. Bureau of the Census. [1]Includes kenaf.

Mr. Warren is U.S. Agricultural Attaché in Bangkok.

A Thai farmer cutting sugarcane. Sugar, along with Turkish leaf tobacco and fruit, are top exports to the United States. Major U.S. exports to Thailand include tobacco and cotton.

but doubled—totaling $96 million in 1976. At the same time, Thai farm shipments to the United States made over a threefold gain—from $24.5 million in 1972 to $84.6 million last year.

For many reasons, the relationship between Thailand and the United States is a complementary one. For example, Thailand has not been able to expand cotton production fast enough to meet the needs of its rapidly growing textile industry, and has found the U.S. cotton industry a reliable source of cotton supplies.

Thailand's annual consumption of raw cotton during 1970-75 ranged between 65,000 and 93,000 tons. Consumption in 1975/76 amounted to approximately 85,000 tons—a 20 percent increase over that of the previous year, but still substantially below the industry's spinning capacity. The number of spindles now in operation is given as 1.1 million, compared with slightly over 900,000 a year earlier.

United States: Farm Exports to Thailand, 1972-76

[In million dollars]

Commodity	1972	1973	1974	1975	1976
Wheat	1.5	2.5	7.3	10.6	14.1
Tobacco	35.7	10.3	28.5	32.8	37.0
Cotton	14.7	40.8	33.4	24.4	30.8
Food preparations	1.9	2.0	1.9	3.2	3.4
Sirup	.6	1.0	1.1	1.5	1.7
Infant cereals	1.2	1.0	1.3	1.7	1.8
Others	2.5	3.5	8.1	5.4	7.2
Total	58.1	61.1	81.6	79.6	96.0

Source: U.S. Bureau of the Census.

The upswing continues and the outlook is for record consumption in 1977. Some estimates place raw cotton use in excess of 100,000 tons in 1976.

Cotton imports from the United States have traditionally accounted for 50-66 percent of Thailand's imports. Owing to uncompetitive U.S. cotton prices and some contract problems, the U.S. share was off 22 percent in 1975/76 (18,300 tons). Preliminary data for 1976/77, however, suggest that U.S. supplies are again becoming of major importance and U.S. exports are estimated at 45,000 tons.

The trade attitude in Thailand is again favorable toward U.S. cotton, because almost any staple length and quality can be readily supplied. More competitive prices for U.S. supplies also have boosted sales recently.

Similarly, efforts to grow wheat in Thailand on an economical basis have not met with success, and larger quantities are being imported from the United States to meet the growing domestic demand for wheat flour products. Thai wheat imports from the United States totaled 84,000 tons in 1976, compared with slightly over 22,000 tons some 3 years earlier. There are good indications that this upward trend will continue in the future.

Of Thai farm exports to this country last year—particularly pineapple, sugar, tapioca flour, rubber, jute (includes kenaf), and other tropical products—rubber accounted for almost 40 percent in value. Next in importance were sugar imports, valued at $20.6 million, and pineapple, valued at $12.6 million (canned) and $402,794 (juice).

Some changes in the composition of U.S.-Thai agricultural trade could occur over the next few years, but the overall volume should continue on an upward trend. Contributing to closer trade ties are U.S. investment interests and subsidiaries of a number of U.S. firms, that already have a substantial stake in Thailand. □

Turkey Upping Output Of Domestic Cigarettes

By Mustafa Baser

Faced with competition from foreign cigarettes sold on the black market, Turkey is trying to meet the demand for a better product by boosting production of some top-quality brands and establishing stronger manufacturing standards. In recent years, consumer dissatisfaction with the flavor and quality of domestic cigarettes—as well as with chronic shortages—has created a market for about one-half of a billion packs of smuggled cigarettes a year.

The Turkish Tobacco Monopoly, the Government agency which handles all aspects of the trade, has boosted production of filter cigarettes from 41 metric tons in 1959 to about 16,226 tons in 1975, and—with the recent installation of highspeed filter-tipping machines—to some 22,000 tons in 1976.

Although equivalent to about 39 percent of Turkish cigarette output, the Monopoly's production of high-quality filter cigarettes is still far short of market requirements. Augmenting the Monopoly's output is the 400-500 million packs of cigarettes of varying sizes—many of them filter tipped—smuggled into Turkey each year from neighboring Middle East countries and Europe.

Smokers in larger Turkish towns and cities are able to find these illegal cigarettes with little or no trouble. In most cases they can be obtained in quantities limited only by the money the consumer has to spend, with much less bother than getting the 4-5 packs available from Tobacco Monopoly stores, and without a lengthy wait.

Making up an estimated 12-15 percent of the Turkish cigarette market, smuggled British, German, Iraqi, Syrian, Israeli, Bulgarian, and American cigarettes fluctuate in price between 75 U.S. cents and $1.20 per pack—depending on the number of cigarettes they contain. This compares with an official Monopoly selling price of 45 cents for a 20-cigarette pack of 85-mm cigarettes and 55 or 60 cents for 100-mm cigarettes. (Based on an exchange rate of TL16.50 = US$1.)

The Government considers the problem of smuggled cigarettes a serious one since it loses millions of lire in tax money each year. But some smokers say that much of this inflow could be stemmed if the Monopoly would apply more stringent production standards to all the cigarettes it manufactures.

However, others say that the desire for the smuggled cigarettes arises from the penchant among young smokers—many of them women—to appear sophisticated by using foreign products. And there are those who believe smokers are switching to foreign cigarettes, especially American, because of their more agreeable appearance, texture, and flavor.

While Monopoly officials accept the criticism that some Turkish cigarettes are made without proper quality controls and that shortages exist, they reject complaints about the poor smoking quality of Monopoly cigarettes. The officials point out that Turkish cigarettes have won several gold medals for their excellence at Tobacco Products Expositions in Brussels.

They also claim that—to a large degree—the Turkish cigarette shortage has been caused and worsened by speculators who buy and hold cigarettes in large quantities until high prices climb even higher before releasing them to the market.

The Monopoly is making an effort to improve the flavor of Turkish cigarettes. A spokesman recently told the press that in about 2 years some domestically produced cigarettes would contain 5-15 percent Virginia and burley tobaccos—blended with domestic oriental tobaccos to make a better tasting cigarette.

He promised to eliminate the filter cigarette shortage in a short time. But Turkish smokers say they have heard such promises before and have adopted a wait-and-see attitude.

Turkish newspapers have been editorializing in favor of permitting the importation of foreign cigarettes or the establishment of private cigarette manufacturing plants. Importation, in particular, has been urged to meet the needs of foreign tourists and to eliminate the black market. However, the law establishing the Tobacco Monopoly does not permit the importation of foreign leaf or tobacco products.

(But U.S. data show that the United States exported 34.4 million cigarettes to Turkey in 1975 and 28.7 million in 1976, although there is no indication of this in Turkish data.)

Nor does the law permit private organizations to operate a cigarette plant in Turkey unless its entire output is exported. Thus, a recent announcement by the Turkish Union of Chambers of Agriculture, the country's largest producer organization, of its plan to open a cigarette factory, will have no effect on the domestic cigarette shortage.

The sale of cigarettes and other tobacco products has always been a major source of revenue and the Government is unlikely to share the cigarette market with any other manufacturer unless the supply situation worsens markedly. In fact, the Government has rejected several recent requests by foreign cigarette manufacturers to establish privately operated plants. In its refusals, the Monopoly cites the law that forbids the sale of privately manufactured cigarettes in Turkey.

At present there are seven Monopoly tobacco product plants in Turkey, four of which were established by a French firm, granted a monopoly in the 1800's. Although these old plants have been updated and expanded and a number of new ones constructed in response to growing demands for new types of tobacco products, the plants have not been fully able to meet market demands.

In addition to manufacturing several brands of cut and pipe tobaccos, tumbak (a rough Persian-

Mr. Baser is an agricultural specialist in the office of the U.S. Agricultural Attaché, Ankara.

type tobacco), cigars, and snuff, the Monopoly also makes some 25 different brands of cigarettes, eight of them filtered. All of these products contain only Turkish tobacco.

The actual amount of tobacco consumed each year in Turkey is unknown, but various sources estimate product consumption at between 65,000 and 67,000 tons. Monopoly statistics, which reflect only its own trade, show that its sales of products have climbed from 7,200 tons in 1925 to around 57,300 tons in 1976. The rate of growth in tobacco consumption has been faster than the rise in the population, which swelled from around 13 million people in 1925 to over 40 million—just 50 years later.

In 1925, over 66 percent of Turkey's tobacco was consumed in pipes in the form of cut plug and only 34 percent as packaged cigarettes. Since then the proportion of tobacco used as cut tobacco has dropped to around 6 percent in 1975, while that in packaged cigarettes has risen to 94 percent. Filter cigarettes, which were introduced in 1959, are becoming the most popular type. And oriental tobacco is dropping somewhat in favor as smokers switch to burley and Virginia tobaccos.

Although the exact date is unknown, it is believed that the Turks began smoking tobacco—all imported—in the early 1600's. Smoking soon attracted opposition from religious leaders, who influenced Ottoman rulers to impose restrictions. But the habit caught on, and despite religious and Government opposition, the custom grew so strong that the Government, in 1663, permitted domestic tobacco cultivation, and placed a tax on imports. In 1686, taxes also were imposed on producers, sellers, and smokers.

In 1874, the Grand Porte (as the Sultan's center of Government was known) issued regulations controlling the sale of tobacco licenses, production of leaf, and the manufacture of tobacco products.

In 1884, a 30-year monopoly was granted to the French company, which modernized the Turkish tobacco-product industry and established processing plants still in use. Due to expire in 1914, the company's charter was renewed in that year for another 15 years. However, the Council of Ministers of the newly proclaimed Turkish Republic withdrew the firm's privileges in 1924 and transferred all of its assets to the Government.

In the mid-1930's, the Tobacco Monopoly was established and its duties and obligations detailed as the Government's monopoly agent. The Tobacco and Tobacco Monopoly Act, passed in 1938 and partially revised in 1969, amended the earlier Act and redefined the regulations covering tobacco planting, trading, and product manufacture. It also reaffirmed the Government's monopolistic role.

Under all of these Acts, the Tobacco Monopoly is empowered to purchase all domestic leaf, to establish subsidies and selling prices, to market tobacco products of its own manufacture on the domestic market, to export tobacco, and, if necessary, to buy it overseas. □

New CCC Export Credits

Export credits valued at $51.6 million, reallocation of some existing credits, and extensions of others were approved during June 11-July 15 under the Commodity Credit Corporation Export Credit Sales Program.

The developments, by country:

Poland: An unused balance of about $14.7 million remaining under a $20 million line of credit for lard was reallocated to corn and sorghum, and a further increase of $18 million was reallocated from wheat lines of credit to feedgrains. Total credits available for feedgrains during fiscal 1977 now stand at $92.7 million, and total credits available for wheat are reduced to $67 million. Export of feedgrain must be complete by August 31.

Costa Rica: A 2-month extension of the shipping period through August 31 was approved for a line of credit to finance sales of U.S. breeding cattle and swine.

Spain: A 2-month extension of the shipping period through August 31 was approved for $3 million line of credit to finance sales of U.S. breeding cattle.

Norway: An $800,000 line of credit to finance sales of about 181 metric tons of U.S. tobacco was approved. Terms provide for 1-year financing.

Portugal: A $25.5 million credit was approved to finance export sale of about 118,000 tons of wheat, 87,000 tons of corn or sorghum, 6,800 tons of tallow, and 1,800 head of dairy breeding cattle. Terms provide for 3-year repayment. Export must be complete by August 31.

The shipping period for a $3 million tallow credit approved earlier was extended from August 31 to September 15.

A $12 million credit was authorized to finance additional purchases of about 82,000 tons of wheat, 33,000 tons of corn or sorghum, and 2,500 tons of tallow. Terms provide for 3-year financing, and export must be complete by September 15.

Greece: A $13.3 million credit was authorized to finance additional purchases of about 144,000 tons of corn. Terms provide for 3-year repayment and exports must be complete by September 15, 1977. □

CORRECTIONS: Page 11, August 15, 1977, issue of *Foreign Agriculture*: Column 1, line 42, should read $1.19; line 45, should read 70.5 cents; line 49, should read "62 to 75 cents." Column 2, line 22, should read "stripped abaca." Column 3, line 9, should read "January-June."

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Soviet Grain Crop Estimate Reduced to 220 Million Tons

Reduced prospects for the Soviet spring wheat crop, now being harvested, have dropped USDA's estimate of the 1977 Soviet grain crop to 220 million metric tons—5 million tons less than the last assessment in early July, but still above the planned target of 213 million tons.

If realized, it still would be the third largest Soviet grain crop on record and the second straight bumper harvest. Last year's record of 223.8 million tons surpassed the previous high of 222.5 million in 1973.

As a result of a recent 20-day visit to the Soviet Union by USDA's 3-man Spring Wheat Team,[2] the spring wheat crop, which normally accounts for about 60 percent of Soviet wheat production, is now estimated at 45 million tons, compared with an output of 52.3 million last year.

Based on travel observations, visits to farms, experiment stations and research institutes and discussions with Soviet officials, the team estimates that 1977's spring wheat yields in those regions visited will be somewhat lower than 1976's level and close to the long-term average. Team was told that total area seeded to spring wheat was smaller than usual and about 500,000 hectares less than last year's 42.2 million.

Prepared by USDA's Inter-Agency USSR Task Force, FG-12-77, August 10, 1977.

[1]Team members, visiting the Soviet Union July 11-30 under the U.S.-USSR Agreement on Cooperation in the Field of Agriculture, were: Keith Severin, USDA Foreign Agricultural Service; Lyle A. Derscheid, USDA Extension Service, Brookings, S.D.; and Wesley O. Tossett, wheat producer, Landsford, N.D.

For all grains, the current harvested area estimate of 129 million hectares is based on a midyear Soviet report. USDA's early July forecast was based on a harvested area of 130 million hectares.

Current estimates of the total 1977 Soviet grain crop include 105 million tons of wheat (60 million winter and 45 million spring), 100 million of coarse grains, and 15 million of miscellaneous grains and pulses. Estimates of coarse and miscellaneous grains are unchanged from the July forecast. In 1976, total Soviet grain production included 96.9 million tons of wheat (44.6 million winter and 52.3 million spring), 115 million of coarse grains, and 11.9 million of miscellaneous grains and pulses.

The Spring Wheat Team visited five grain producing regions, having a total of about 11.5 million hectares of spring wheat—a little over 25 percent of the total spring wheat area. Regions visited were Orenburg Oblast, Bashkir Autonomous Soviet Socialist Republic, Ul'yanovsk Oblast, Kustanay Oblast and the Altay Kray. The team also met with hydrometeorological officials in Moscow and Alma Ata.

After the spring wheat crop was seeded from mid- to late-May, relatively hot, dry weather generally prevailed for 5-6 weeks and normal June rains did not come until July. These rains, however, were mostly scattered thunderstorms rather than widespread rains. This rainfall pattern caused spring wheat to mature 10-14 days earlier than normal as well as causing crop conditions to vary unusually from locality to locality.

Conditions in European USSR—the main area of winter wheat production—remained quite moist during most of July. However, late in the month, warm, drier weather—except in the northwest—aided harvesting of winter grain. In the northwest region, Byelorussia, the Baltics and part of the nonblack soil zone, harvesting continues to be affected by wet weather.

On balance, a record winter grain crop about 10 percent greater than 1973's record appears likely. □